

Political Organization
Notice of Section 527 Status

OMB No. 1545-1893

Part I General Information

1 Name of organization <u>Yuba County Democratic Central Committee</u>		Employer identification number <u>N/A</u>
2 Mailing address (P.O. Box or number, street, and room or suite number) <u>P.O. Box 2393</u>		<u>68-0231069</u>
City or town, state, and ZIP code <u>Marysville, CA 95901</u>		
3 E-mail address of organization		
4a Name of custodian of records <u>Audrey Olson Smith</u>	4b Custodian's address <u>9960 Peoria Rd. Browns Valley, CA 95918</u>	
5a Name of contact person <u>J.L. White</u>	5b Contact person's address <u>5552 Diane Way Marysville, CA 95901</u>	
6 Business address of organization (if different from mailing address shown above). Number, street, and room or suite number		
City or town, state, and ZIP code		

Part II Purpose

7 Describe the purpose of the organization
TO DEAL WITH POLITICAL ISSUES THAT ARISE IN YUBA
COUNTY AND RURAL CALIFORNIA RECEIVED IN CORRESPONDENCE
JUL 28 2000
JORDEN, UTAH

Part III List of All Related Entities (see instructions)

8a Name of related entity	8b Relationship	8c Address
<u>N/A</u>		

39th

FYI:
URGENT
IRS NOTICE DUE JULY 31, 2000

FROM: LANCE OLSON and DIANE FISHBURN
LAW OFFICES OF OLSON, HAGEL, ET AL., 916.442.2952

RE: NEW IRS NOTIFICATION AND DISCLOSURE REQUIREMENTS FOR
POLITICAL COMMITTEES

This memorandum is intended to alert you to a **MAJOR NEW DEVELOPMENT** in the area of campaign disclosure by political committees.

This month Congress passed, and President Clinton signed, a new law aimed at "Stealth PACs" organized under section 527 of the Internal Revenue Code. These political groups sprang up after the IRS issued a legal opinion last year indicating organizations which did not make campaign contributions or expenditures expressly advocating the election or defeat of candidates could nevertheless qualify for the tax advantages under section 527. Many of these groups engaged in "issue advocacy." Prior to enactment of this new law, section 527 committees were not required to register or file contribution disclosure reports with the IRS. Because these issue advocacy groups did not operate like most political committees and PACs, they also did not have to register or file disclosure reports with the Federal Election Commission or state agencies, thus the term "Stealth PAC."

In a broadly worded new law aimed at requiring these "Stealth PACs" to notify the IRS and file reports disclosing contributions and expenditures, Congress and the President extended many of the new requirements to most existing committees and PACs. **THE NEW NOTIFICATION AND DISCLOSURE REQUIREMENTS APPLY EVEN THOUGH THE CANDIDATE, POLITICAL COMMITTEE OR PAC IS ALREADY REGISTERED AND FILING REPORTS UNDER CALIFORNIA LAW.**

The new law imposes two new requirements on political committees exempt under section 527 of the Internal Revenue Code. Because most candidate committees, political parties and PACs, ~~which~~ support/oppose candidates are exempt from tax under section 527, these new requirements can apply to them as well as "Stealth PACs."

FAILURE TO FILE

JUL 28 2000

GOEN, UTAH

If your organization fails to file, the consequences are drastic. Your organization immediately loses its tax exempt status, and must pay a 35% income tax on all monies received, including contributions.

NOTIFICATION

The new law, **EFFECTIVE IMMEDIATELY**, requires that political groups exempt under section 527 notify the IRS both electronically and in writing that it is to be treated as a section 527 organization. Organizations in existence prior to July 1, 2000, must file IRS Form 8871 (Political Organization Notice of Section 527 Status) **NO LATER THAN JULY 31, 2000**. Organizations formed after July 1, 2000, must file the form within 24 hours of establishment. A copy of Form 8871 with instructions is enclosed with this memorandum.

The Notification Form 8871 asks for the name of the organization, address, e-mail address, name and address of the custodian of records, name and address of a contact person, a description of the purpose of the organization, a list of "related" entities, and a list of all officers, directors, and highly compensated employees. The form must be signed under penalty of perjury by an officer of the organization.

There are **only two exceptions** to this notification requirement. The first covers those candidates and PACs required to file reports with the Federal Election Commission. The other applies to those groups having less than \$25,000 in gross receipts for any taxable year. All others must file the notification form.

This means the **FOLLOWING MUST FILE THE IRS NOTIFICATION FORM BY JULY 31, 2000 - BOTH BY PAPER AND ELECTRONICALLY:**

- * Candidate controlled committees for state and local elective office.
- * Political parties non-federal committees, political clubs, Assembly District committees meeting the \$25,000 annual gross receipts threshold.
- * PACs supporting state and local candidates, including committees sponsored by corporations, unions, and associations, and non-connected PACs meeting the \$25,000 annual gross receipts threshold.
- * Committees making independent expenditures in support or opposition to state and local candidates meeting the \$25,000 annual gross receipts threshold.

IRS Form 8871 and instructions may be downloaded from the IRS web site (www.irs.gov/bus_info/eo/pol-file.html). In order to file the form, organizations will need a Federal Employer Identification Number (FEIN). If the organization does not have one, it may obtain the number by filing IRS Form SS-4. Call the IRS at 800/829-3676 to obtain the form and number.

PERIODIC DISCLOSURE REPORTS

In addition to the Notification Form 8871, the new law also imposes a new requirement to file disclosure reports with the IRS. **This requirement applies even if your PAC is already filing campaign disclosure reports with state and local regulatory agencies (i.e. FPPC).**

There are **three major exceptions** to filing the disclosure reports. The first applies to those **candidates and PACs required to file with the Federal Election Commission**. The second covers **state and local political party committees**. The third exempts **state and local candidate controlled committees**.

ALL OTHER POLITICAL COMMITTEES, INCLUDING PACS SUPPORTING OR OPPOSING CANDIDATES, MUST FILE THE NEW DISCLOSURE REPORTS EVEN IF THEY ARE ALREADY FILING REPORTS WITH STATE AND LOCAL AGENCIES.

The disclosure reports will be filed on IRS Form 8872. The IRS is still developing this form. Thus, we cannot explain how it will work or what will be required. The new law does provide some guidance. Generally, organizations filing Form 8872 will be required to disclose contributors, including name, address, occupation and employer, of \$500 or more and expenditures of \$200 or more. A major question to be answered by the IRS will be this: can an existing PAC filing disclosure reports under state law simply file the same report with the IRS?

The disclosure reports, filed in "election years" have to be filed quarterly, pre-election and post-election. Generally, the filing schedule follows the rules governing federal candidates and federal PACs. Monthly reporting can be substituted for quarterly, and pre and post election reporting. **The new disclosure reports will be required in connection with this November election even if your PAC does not support or oppose federal candidates.**

Enclosed is the form 8871. Mail form to: Internal Revenue Service Center, Ogden, UT 84201 AND file electronically at www.irs.gov/bus_info/eo/pol-file.html

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